

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
ADJUSTMENT FILING OF ELAM)	CASE NO. 2005-00110
UTILITY COMPANY)	

ORDER

On October 24, 2003, in Case No. 2003-00171, the Commission approved rates for Elam Utility Company ("Elam") and provided for their further adjustment on a quarterly basis in accordance with Elam's gas cost adjustment ("GCA") clause.¹

On March 10, 2005, Elam filed its proposed GCA to be effective April 1, 2005. Elam subsequently supplied additional information on its Expected Gas Cost ("EGC"). Elam requests a waiver of the 30-day notice period in order to implement rates April 1, 2005. As KRS 278.180 permits the Commission to shorten the required notice period for good cause, the Commission finds the request should be granted.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Elam's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Elam's EGC is \$8.1507, which is 85.47 cents per Mcf more than the previously approved EGC of \$7.2960.
3. Elam's notice sets out no current refund adjustment ("RA").

¹ Case No. 2003-00171, A Review of the Rates of Elam Utility Company, Inc. Pursuant to the Decision to Approve the Financing Requested in Case No. 2001-00324, Order dated October 24, 2003.

4. Elam's notice sets out a current quarter actual adjustment ("AA") of 35.94 cents per Mcf. Elam incorrectly used the GCA for November and December 2004, rather than the EGC, in its calculation. Elam also did not adjust for line loss in its calculation. Correcting for these errors produces a current quarter AA of (25.2) cents per Mcf. Elam's total AA is (58.03) cents per Mcf, which is a decrease of 46.06 cents per Mcf from the previous total AA.

5. Elam's notice sets out no current quarter balance adjustment ("BA"). Elam's notice sets out no total BA. Elam has a previous quarter BA of (62.5) cents per Mcf that should be carried forward through October 2005. Elam's total BA is (62.5) cents per Mcf, which is no change from the previous total BA.

6. Elam's revised GCA is \$6.9454 per Mcf, which is 39.41 cents per Mcf more than the previous GCA of \$6.5513.

7. The rates in the Appendix to this Order are fair, just and reasonable, and should be approved for billing for service rendered by Elam on and after April 1, 2005.

IT IS THEREFORE ORDERED that:

1. Elam's request to shorten the period in which it must provide notice of the proposed adjustment from 30 days to 20 days is granted.

2. Elam's proposed rates are denied.


3. The rates in the Appendix to this Order are approved for billing for service rendered on and after April 1, 2005.

4. Within 20 days of the date of this Order, Elam shall file with this Commission its revised tariff sheets setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 29th day of March, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-00110 DATED March 29, 2005

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Residential

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
Customer Charge			\$6.15
All Mcf	\$4.2999	\$6.9454	\$11.2453

Industrial

Customer Charge			\$9.00
All Mcf	\$3.8101	\$6.9454	\$10.7555